

April 25, 1975

CLERK: 27 ayes, 0 nays on motion to adopt the committee amendment.

PRESIDENT: Senator Lewis.

SENATOR F. LEWIS: Mr. President, I want to be honest about the bill. This is a major change in the teacher retirement system. This change has come about after a look by the retirement system of existing state systems which the teacher is, mandated system by the State of Nebraska. We made an analysis of all the state systems in terms of the guidelines and principles established by the committee. The major guideline established by the committee is that the retirement system should be divided thusly. The employee pays 50 percent of his retirement cost, and the employer pays 50 percent. That is true with the state employees. That's not quite true with the judges because the state pays more then the judges pay less. Of all the systems we have that is rather consistent with the exception of the teachers. The teachers pay approximately 63 percent of their retirement. The committees look at this for the last couple years to try to bring it in line. Now the teachers have two employers, the local school districts and the state. We have had the system arranged this way, the state has always paid the service annuity and the school district was added in 1968 at seven tenth of one percent of payroll to provide for the formula annuity. This bill does as follows: it provides for a liberalization of a predetermined and disability benefit which is consistent with others. It provides that employees may waiver payment of retirement benefits and return to teaching. It provides a change in the formula benefit. The formula benefit now is 1.25, or would be under this bill, as opposed to 1 percent. What you would do with this kind of a bill in figuring employees retirements it would be 1.25 percent of his best five years, times years of service, that would be the pension. This will still provide not quite the 50-50 arrangement. With the adoption of this bill the teachers will still be paying about 53 percent of their retirement system. This makes it consistent. This is going to increase the local school boards contribution to about 1.48 percent of the payroll. The schools know that. The State School Board Association put that in the bulletin that they believe in their own record for a better retirement system for teachers, and they know that that's going to cost some money. I would suggest to you this is not effective for any practical purposes until '76. What happens is that the actuary makes a report to the board on recommendations as to what charges should be to what funds. That has been made for this next year. The real involvement with school district increases will come in '76. That will come in time for that to be a negotiable item. I know it will be because in my own school district of Bellevue I appeared before the board and asked them to endorse the bill. They said we will. We want the Teachers Association to do it so we can use that as sort of a negotiable item when that comes up at that time. The Bellevue board actually had a provision this time in